Financial Position.

7. The year 1105 was a normal one, so far as revenue was concerned. The revenue, and the expenditure out of revenue in that year amounted to Rs. 247·23 lakhs and Rs. 240·31 lakhs, respectively, leaving a surplus of Rs. 6·92 lakhs. The expenditure of the year, however, included Rs. 9·76 lakhs on account of such extraordinary items as the *Murajapam* and the visit of His Excellency the Viceroy. But for these items, the surplus would have amounted to Rs. 16·68 lakhs; and from that it would have been possible to meet the year's expenditure on account of capital works amounting to Rs. 15·91 lakhs.

For 1106, the estimated revenue was fixed at Rs. 250·79 lakhs and the programme of expenditure out of revenue at Rs. 248·77 lakhs, resulting in an estimated surplus of Rs. 2·02 lakhs. But owing to the world-wide economic depression, the revenue actually realised during the year amounted only to Rs. 227·18 lakhs or Rs. 23·61 lakhs less than the budget estimate for the year, while the expenditure charged to revenue was Rs. 239·41 lakhs, the saving effected in the estimated expenditure being only Rs. 9·36 lakhs. The ordinary transactions of the year thus resulted in a deficit of Rs, 12·23 lakhs. Capital receipts from the sale proceeds of Government lands amounted to Rs. 2·58 lakhs and the capital expenditure not charged to revenue was Rs. 14·43 lakhs. In the result, the Government balance, which stood at Rs.165·57 lakhs at the beginning of the year, was reduced to Rs. 141·49 lakhs at its close. The fluid balance in cash and gilt-edged securities, which stood at Rs 48·36 lakhs and Rs. 219·25 lakhs, respectively, at the beginning of the year, came down to Rs. 42·69 lakhs and Rs. 191·78 lakhs at its close.

The revenue realisations of 1106 fell short of those of the preceding year by Rs. 20·05 lakhs; there was a fall of Rs. 12·61 lakhs under Excise (Abkari and Opium), Rs. 4·39 lakhs under Stamps, Rs. 2·41 lakhs under Registration, Rs. 2·65 lakhs under Forest and Rs. 1·07 lakhs under Land Revenue. The fall under Abkari and Opium was due partly to the anti-drink propaganda and partly to the reduced purchasing power of the people. The decline under Stamps and Registration was the inevitable result of the economic depression. The dulness of the timber market was responsible for the fall in Forest revenue. The fall under Land Revenue was mainly under *Ayacut*, due to the extension of time for payment of certain dues of 1106 and also to reduction in the commutation rate of paddy rent of the Trivandrum and Ambalapuzha Kandukrishi *Pattam* lands. On the expenditure side, there was an increase of Rs. 6·89 lakhs under Education, due to the payment of arrears of pay at the revised increased rates to the teachers of vernacular schools and the disbursement of grants-in-aid at the enchanced rates to some of the private vernacular schools with retrospective effect from the 1st Chingam 1104. The expenditure under Medical and Sanitary increased by Rs. 1·19 lakhs, due mainly to the expansion of the Public Health Department and to increased expenditure under Hospitals and Dispensaries —Contingencies. Under

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Devaswom and Miscellaneous Political Expenditure, the decrease is only apparent, as in the previous year extraordinary expenditure had to be incurred.

For 1107, the budget estimate is for a revenue of Rs. 232·19 lakhs and for an expenditure out of revenue of Rs. 231·65 lakhs, leaving a nominal surplus of Rs. 0·54 lakh. In view of the heavy fall in the revenue realisations of 1106, the actuals of which were known only in the early part of the current year, the original estimates under all the revenue heads were again scrutinised early this year and the total revenue for the year was revised at Rs. 216·05 lakhs or Rs. 16·14 lakhs less than the original budget estimate. As the current year was expected to close with a deficit of Rs. 15·60 lakhs against the budgeted surplus of Rs. 0·54 lakh, a Retrenchment Committee was constituted early in Tulam 1107 to suggest ways and means to bridge the gulf between the revenue and the expenditure. The Committee is still at work and its recommendations in respect of various departments have been mostly accepted or are engaging attention. There have been small windfalls of revenue subsequently due to the raising of the duty on salt in British India and to the receipt of the State's share of Rs. 2·70 lakhs from the petrol duty from the British Government. The revenue prospects may also be appreciably bettered by the increase in the Anchal rates, the enhancement of the duty on Coimbatore and Jaffna tobacco and the revision of the tariff rates and duty on certain items of manufactured tobacco. Having regard to the actual revenue derived in the first five months of 1107 and as a result of these changes, the revenue receipts for the year are expected to stand at Rs. 216·40 lakhs. The revised estimate of expenditure, after deducting from the original grant the reductions already effected under travelling allowances and contingencies, public works, etc., being Rs. 227·11 lakhs, the deficit may not exceed Rs. 10·71 lakhs.

The cash balance at the commencement of the year stood at Rs.42·69 lakhs. The minimum cash requirements may be taken as Rs. 40 lakhs. The State cash balance in treasuries and the Bank was only Rs. 35·20 lakhs towards the end of Vrischikam 1107. In order to provide an adequate cash balance and funds for the capital works already undertaken, His Highness the Maha Raja was pleased to sanction a loan of Bh. Rs 10 lakhs from His Highness's private funds.

Economic Conditions.

8. Travancore has not escaped the effects of the world-wide economic depression; and with the degree of economic interdependence of countries now attained, isolation is impossible and as a result foreign trade has been adversely affected. The finances of Governments and of individuals have been equally disturbed with the prolonged existence of abnormal and unprecedented conditions. Every department of governmental activity has been visited by the ill effects of the present situation and you will find evidence throughout the *Administration Report*. The arrears under Land Revenue have increased; the number and value of documents registered have both gone down; foreign trade has decreased; the receipts from Forest and sale of Government lands have

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